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C O N F I D E N T I A L SECTION 01 OF 02 TRIPOLI 001035

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SUBJECT: LIBYAN PRIVATE SECTOR LOOKS TO SAIF AL-ISLAM FOR STABILITY

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CLASSIFIED BY: Gene Cretz, Ambassador, U.S. Embassy Tripoli,  
U.S. Department of State.

REASON: 1.4 (b), (d)

¶1. (C) Summary: Several leading Libyan businessmen view Saif al-Islam al-Qadhafi's new role as "General Coordinator" of Libya as a positive development. They believe his appointment will ensure stability and continuity, ending the infighting of recent years. They believe Saif al-Islam is a logical choice to lead Libya due to his western education and pro-reform agenda, and note that Saif has been groomed for this position for several years. He reportedly has a system in place to receive daily report on his siblings. Well-connected contacts believe Saif's new position will be formalized in mid-January. They are hopeful that, once formalized, his new role will end the recent chaos in Tripoli's commercial scene, which one regime insider attributed to the political uncertainty following Saif's nomination as General Coordinator in early October. If Saif does try to implement reform, he is likely to face resistance from Libya's entrenched elite who have benefited from a business environment based on tribal ties and proximity to the regime. End summary.

LIBYAN BUSINESSMEN THINK SAIF IS A GOOD CHOICE~

¶2. (C) Several prominent Libyan businessmen positively view Saif al-Islam's new position as they believe it will promote stability and ensure continuity after Muammar Qadhafi is no longer on the scene. In a recent meeting between emboff and members of a leading Benghazi-based family with significant business interests throughout Libya, the family said the formal naming of Saif as a "General Coordinator" of Social Committees could create stability after the past few years of uncertainty and infighting amongst the Leader's children. According to the family's patriarch, the actual title of "Coordinator" is "meaningless." He said one could see a genesis for the position as far back as the late 1990's when the regime was faced with many anti-Qadhafi plots emanating from various tribes in Libya. In response, the Leader created "Peoples Social Committees" to deal with the "trouble-makers" within the tribal structure. This family believes Saif's appointment to this new position will help the Libyan Government prevent the rise of some sort of Muslim Brotherhood extremist group, or tribal infighting in support of different other al-Qadhafi siblings.

¶3. (C) Another prominent Libyan businessman said that Muammar al-Qadhafi had appointed Saif al-Islam to this new position in order to ensure continuity for when he is gone from the scene. Saif was "the logical choice" because he is well-educated, well-respected, and is reform-minded. In his view, Saif is "good for the future of Libya" since he is interested in

attracting foreign investment to Libya and creating a modern Libya inspired by Dubai's model.

~AND BETTER THAN THE ALTERNATIVES

14. (C) Of the Leader's seven sons and one daughter, Libyan businessmen prefer Saif al-Islam as he is more of a known quantity. One businessman commented 'the devil you know is better than the one you don't know.' According to one businessman, Saif is better-prepared to replace his father as he has positioned himself for such a leadership role for several years and reportedly gets daily reports on the activities of all of his siblings. As for al-Qadhafi's other son and National Security Advisor, Muatassim, he characterized him as "blood-thirsty" and violent. The rest of Muammar al-Qadhafi's children are simply "incompetent" and only interested in lavish life-styles.

15. (C) Members of the Benghazi-based family believe Saif is well-known to the average Libyan due to his visibility in the media and his speeches to Libyans, especially youth. They echo the comments of a Tripoli businessman (cited above) that the elder Qadhafi had long been preparing Saif al-Islam for his new role as "General Coordinator," by sending him to the West for his studies. Other Qadhafi sons have not lived or studied in the West. The head of the business family believes Saif should now "get rid of his immature friends," who continue to exert a bad influence on him. A relative of his commented that many Libyans perceive the U.S. to favor al-Qadhafi's other son, Muatassim, citing his recent trips to the U.S. He noted Libyans did not really know Muatassim, i.e. what his personality is, or even what he looked like, perhaps because as a "security person," Muatassim was rarely seen by the Libyan public.

WILL SAIF TAKE THE JOB?

16. (C) Although Saif has not officially "accepted" his new position as "General Coordinator," this head of the prominent Benghazi family believes Saif has given his tacit acceptance.

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He noted that in the past, Saif has always publicly stated his views on issues, such as when he said he would step down from public life in August 2008. This time, however, he has not said anything about the new position, which our contacts interpret to mean Saif has agreed to the new role.

17. (C) Contacts in Tripoli, including the well-connected son of one of the Free Officers, those officers who have been with Qadhafi from the beginning, have told us that Saif is expected to formally accept his new position around the middle of January. The Free Officer's son told us that Saif al-Islam has spent the last two months consolidating "his team," identifying key advisors who will be able to promote his agenda. This contact believes that Saif's vision for Libya is strongly pro-reform and pro-Western.

HOPE THAT SAIF CAN CREATE ORDER OUT OF A CHAOTIC URBAN DEVELOPMENT SCENE

18. (C) Libya's small private sector is hopeful that Saif will be able to impose some order to the chaos and uncertainty that has wracked Tripoli's business environment in recent months. As a result of construction projects and arbitrary closings of businesses, one major department store was recently closed for several weeks, along with 31 other shops along the popular shopping street of Gagaraesh. The owner of the store estimated this affected 2,000 employees of these shops, along with their families due to lost wages. He said the ostensible reason the Tripoli municipality gave was that the entire area was not a "commercial zone" and so no shops were permitted outside of a small section of downtown Tripoli according to a rule enacted in 1978. He noted that the 1978 law is totally out-of-date and many shops have sprung up in response to the growth of Tripoli suburbs. These shops have permits to operate and their owners pay taxes so it does not make sense that they would be shut

down.

¶9. (C) Another businessman noted that several shopping malls are being built by Libyan government joint ventures but that no malls are yet finished. He wondered why there was a rush, then, to reduce competition from shops outside the malls? He pointed out that shops in another area of Tripoli, Souk Talat, had also suddenly been torn down but that there had been no thought to relocating these businesses. As a result, many small business owners, primarily in the car parts and hardware businesses, have seen their livelihoods disappear. Lastly, a lack of coordination among the various commercial development projects means that the developers for one shopping mall were unaware that another mall was being built only one kilometer away from their property. The son of one the Free Officers, himself a business owner, attributed the recent commercial turmoil and the apparent wanton destruction gripping Tripoli to the overall state of political uncertainty following Saif al-Islam's appointment as General Coordinator in October. He believes the situation will improve once Saif's position is formalized.

¶10. (C) Comment: While the majority of the prominent businessmen we surveyed were hopeful about Saif al-Islam's prospects to effect real change, others are less sanguine. Although he is western-educated and has a history of advocating for reform, Saif al-Islam also is a product of a highly corrupt system that has been in place for 40 years. If/when he does try to implement political and economic reforms, he undoubtedly will face significant challenges from entrenched elites who have benefited from a business environment based on tribal ties and proximity to the regime. It may be that his visible appearance at the planeside scene where convicted Lockerbie bomber Abdel Megrahi was welcomed home reflects Saif's (and perhaps his father's) realization that these interests need to be taken care of, even at the cost of sometimes alienating Libya's Western interests. End comment.  
CRETZ